"that the increased gold-supplies of the world have assisted both directly and also indirectly, through credit money, to raise the general level of prices, and the rise in the cost of living is partly the effect of the rise in general prices." Fisher's *Purchasing Power of Money* is quoted with approval. (5) The increase of wages in New Zealand for the last twenty years has been greater than the increase in prices.

The commission found that certain combinations existed for fixing selling prices, but remarked that "the experience of America does not make us too sanguine as to the benefits to be derived from legislative action." Data were produced "which show that in New Zealand prices of articles placed on the free list fell considerably during the period of rising prices." The labor legislation enacted in New Zealand during the last three years has improved the condition of laborers, but whether efficiency has increased in output per man cannot yet be definitely decided from the evidence.

The commission names twelve causes of the increasing cost of living, assigning the chief place to "the increased supply of money, including gold and credit, and the increased velocity of circulation." Among the recommendations of the commission, the most significant is that in favor of the representation of New Zealand on the proposed International Commission on the Cost of Living.

The New Zealand report is far superior to anything that has appeared on the subject thus far in the United States.

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Theorie des Geldes und der Umlaufsmittel. By LUDWIG VON MISES. (Leipzig: Duncker und Humblot. 1912. Pp. xii, 476. 10 m.)

The work under review apparently represents an effort to develop a theory of money which will be in accord with the utility theory of value in its most extreme subjective applications. The process has been chiefly one of excision, in which much of current monetary principle and practice has been pruned away. The failure to recognize the general limitations upon the utility theory detracts from the merit of the work, while the thoroughgoing application of this theory in all of its detail leads to mainly negative results.

The starting point is, of course, the general theory of value.

Here the author presents and elaborates all of the refinements of objective exchange-value, subjective exchange-value, and subjective use-value (pp. 99-100). While exchange-value is more prominent in modern economic organization, yet from the social point of view, objective exchange-value leads back to a subjective use-value as the real origin of the condition or fact of value. In the case of money, however, such reference to a subjective use-value is not made, and the only form which is manifested by the medium of exchange is that of objective exchange-value. The task of the theory of money is to formulate the laws of the objective exchange-value of money, that is, of its purchasing power (pp. 106-107). The most important attempt at the formulation of such a law has been in the so-called "quantity theory of money." While this theory contains a germ of truth in the proposition that the demand for and the supply of money are conditions which affect its value, it does not afford an adequate explanation of the value of money. It explains changes in the value of money, but does not account for this value itself. Further, even the quantity of money in a community is determined by subjective forces. Each individual will require a stock of money which will be conditioned by the organization of the whole social productive and exchange apparatus. This apparatus can only motivate the individual, however, and cannot affect directly the concrete level of the money demand, which is dependent upon the subjective considerations of the individual. Two communities, under exactly similar objective environments, may maintain different stocks of money, owing to the differing subjective estimates which prevail as to the advantages or disadvantages of a large supply. The mechanical conception of the relation of the quantity of money to its value is combatted, and the contention advanced that the extent to which a change in the money supply will affect its value will depend solely upon the subjective value scale (*Wertskala*) of the individual (p. 155). That is to say, an increase in the quantity of money can affect its value only by affecting the marginal utility (*Grenznutzen*) of money to the individuals who comprise the community (p. 151).

The problem of measuring changes in the value of money presents difficulties also, which to the author are well-nigh insurmountable. All of the factors which enter into the determination of price operate only through the subjective valuations of the individual, and these factors cannot be measured. The index

number may be of some use in ascertaining objective use-value, though this is of relatively little significance, compared with the subjective significance of a given money quantity (p. 221). As an agency for historical and statistical investigations into prices, the index number may render a useful service; but it is of no significance for the development of the theory of the value of money (p. 217). A proposal recently made to use the budgets of a number of individuals for the construction of an index number based upon the real incomes of these persons, is given greater approval than the index number based upon price quotations, though the practical difficulties in the way of a proper application of the principle are recognized (p. 219).

So much for the point of view in this book. The attempt at a psychological basis for economic theory may be pleasing to some, but to the reviewer it appears to be relatively futile. Granted that in a certain sense the roots of these theories run down into the unknown strata of self, an overemphasis of these vague unknowable origins negatives all theorizing. Behind the phenomena of price may lie certain real but intangible subjective considerations which are indeterminable, and hence unmeasurable. But there are certain external objective phenomena of price which may be known, recorded, and studied; and on the basis of these objective manifestations safe conclusions may be drawn regarding the course of prices and its relation to human welfare. What further object is there to be attained? The elaborate refinements of the extreme devotee of the psychological school appear to confuse rather than to clarify useful thinking in the field of economics proper.

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Der Zinsfuss seit 1895. By Heinrich Bichmann. (Berlin: Puttkammer und Mühlbrecht. 1912. Pp. 154. 5.20 m.)

Instead of trying to take any one rate as the usual or general rate of interest, such as the rate on first mortgages or Imperial bonds, the author outlines the course of the interest rate on all the more important classes of loans. The discussion includes the official rate of discount (the Reichsbank rate); market or private rate of discount; rate of interest on short-term agricultural and commercial credits, such as those made by the Raiffeisen and Schulze-Delitsche societies; the yield of the most stable bond